

Mr. Chris Huffman
Chief Financial Officer
South Carolina Department of Commerce
1201 Main Street, Suite 1600
Columbia, SC 29201

October 31, 2016

Dear Chris,

I am pleased to provide you the South Carolina I-77 Alliance (Alliance) Annual Report for Proviso 50.13. As you know, the Alliance is a regional economic development group representing Chester, Fairfield, Richland, and York Counties. The Alliance has 33 board members and consists of 20 public sector officials, 12 private sector officials, and the President/CEO. Richland and York Counties have five public sector appointees, while Chester and Fairfield Counties have four public sector appointees. The Presidents of the two Technical Colleges (Midlands Tech and York Tech) make up the last two public sector board members. Each of the four counties have three private sector board members as well.

The executive committee of the board is made up of the Board Chair and Vice Chair, the Chair of the Funding and Finance Committee, the County Developer from each of the Four Member Counties, the President of the Alliance, and two private sector board members. The inclusion of the County Developers on the Board and Executive Committee is a key element to the structure of the organization.

The Alliance is charged with marketing and branding the region and focuses on lead generation for the four member counties. The activities of the Alliance are designed to maximize the exposure of the region to key site location decision makers and associated economic development allies.

The Alliance has had numerous significant accomplishments since our last Annual Report. We have continued development of data and research capacities for the Counties, development and implementation of a Customer Relationship Management (CRM) software for each of the counties to use to track projects, leads and customer communication, customized marketing materials for each of the Counties, cloud computing capacity for the Counties, begun a regional Workforce Study that will help our County Economic Development Partners quantify the workforce skills in their communities, and hired an automotive executive to help us develop marketing materials for the Fairfield County MegaSite, which is a partnership between Fairfield County, SCANA, and the Department of Commerce

The most important accomplishment for the Alliance to date though, is the continuation of our aggressive marketing efforts. We actively began marketing the region in February of 2015. In 2015, the Alliance met with 182 companies and in 2016 we have met with 143 companies in face-to-face meetings to discuss the business climate in South Carolina and the I-77 Alliance region. The Alliance has done this in

partnership with our four member counties, the South Carolina Department of Commerce, and our private sector partners. When our Alliance was formed in October 2013, it was designed to create better partnerships and sense of regionalism along the I-77 corridor. We are proud to report that our activities and successes to-date have been a result of the partnerships we create daily.

We also have begun multiple new lead generation programs to create even more leads for our communities. We have set aside approximately 10% of our budget for direct lead generation efforts. The Alliance has chosen to focus our new lead generation program on the North American market because the partnerships we have with the South Carolina Department of Commerce and other private sector partners give us sufficient coverage in the international marketplace. We have found the North American market is underserved for our purposes and have chosen to focus this new effort in this market.

We are excited to have built a strong base for success at the I-77 Alliance through the last 24 months, but we are focused on bringing even more value to the four counties we serve in 2017. The existence of the Alliance allows our counties to focus on what they do best: product development and project management to create new jobs and investment in those communities. We support them by marketing the region and delivering leads for the counties so they have more opportunities to sell. However, we also can bring additional resources to bear to help the Counties be more successful in their efforts.

Progress of Securing Matching Funds

By the end of last fiscal year (FY 2015-2016), the Alliance successfully matched \$600,000 of the \$600,000 allotted to us. Moreover, the Alliance anticipates matching 100% of the \$660,000 allocated to us in the current fiscal year by Proviso 50.13.

Funds Expended

Through September 30, the Alliance has expended restricted private sector donations in support of site/industry specific work and Proviso 50.13 funds on Alliance marketing projects and contract services.

An itemized list of Proviso 50.13 funds is included below:

Proviso 50.13 Funds Received (As of 9-30-2016)

<i>FY 2014-2015</i>	\$600,000.00
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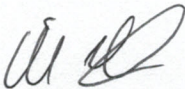
Proviso 50.13 Funds Expended (As of 9-30-2016)

<i>Marketing Expenses</i>	\$166,462.15
<i>Advertising Expenses</i>	\$33,325.50
<i>Prospect Expenses</i>	\$13,835.93
<i>Lead Generation Expenses</i>	\$21,600.00
<i>Workforce Development Expenses</i>	\$18,000.00
<i>TOTAL</i>	\$253,223.58

As evidenced by the expenditures included within this report, the Alliance is spending its portion of the proviso money on electronic and face-to-face marketing, development of a workforce development plan for our counties, lead generation, prospect, and advertising expenses. We continue to have under 50 percent of our budget dedicated to operational and salary expenses and over half of our budget is dedicated to lead generation, marketing, advertising, and other value added services for our four counties. Our investors expect us to invest in our mission to market and brand the region, instead of predominantly investing in operations and administration. The Alliance will continue working diligently on establishing itself as the premier economic development marketing organization in the state, and market the I-77 region as the ideal location for companies the world over.

Please do not hesitate to contact us if you have any questions or need additional information.

Sincerely,



Rich Fletcher
President & CEO